Economics Ics Part 1 English Medium Online Test

Sr	Questions	Answers Choice
1	Father of the political economy	A. Adam smith B. Malthus C. Marshall D. Samuelson
2	He described economics as a science of material welfare	A. Robbins B. Marshall C. Ricardo D. Keyness
3	Economics laws are	A. exact B. approximate C. brief D. definite
4	Economics is a science	A. Spiritual B. Social C. dismal D. moral
5	Economics problems arise because of	A. greed B. scarcity C. dishonesty D. laziness
6	Which statement relates to macroeconomics	A. Oil prices are rising in Pakistan B. Profit rate is high in textile industry C. The firms try to make huge profits D. The government had failed to control inflation
7	Which statement is true?	A. Economics is a physical and normative science B. Economics is a social and natural science C. Economics is physical and positive science D. Economics is a social and normative science
8	Ceteris paribus means	A. other things equal B. all variable are independent C. all relationships are inverse D. that no other assumptions are made
9	In economics, assumptions	A. make economics theory useless B. mean other things equal C. enable economics to simplify reality D. used in micro and not in macroeconomics
10	A positive statement	A. concerns what is B. is always accurate C. deals with values and opinions D. cannot be tested in the real world
11	normative economics	A. deals solely with the facts B. is never studied in colleges C. involves opinions and interpretations D. is clearly preferable to positive economics
12	Basic economic problem is	A. inflation B. unemployment C. scarcity D. lack of money
13	Scarcity exists	A. in only poor countries B. in a country that uses resources inefficiently C. in all countries of the world D. when society produces

14	Micro economics concentrates	A. on inflation B. international economics relations C. individual economics units D. economics development of Pakistan
15	Macro economics deals with	A. how to buy groceries B. aggregate economics activity C. establishment of a new firm D. industrial activity
16	Three basic economics problems are	A. what, how and for whom B. why, where and when C. what, which and how much D. what, which and why
17	Economics	A. is more important than mathematics B. is a social science C. should be made compulsory for every student D. is difficult to study
18	Economics laws	A. must be followed B. are hated by people C. show economic behavior of people D. are unscientific
19	Adam smith was a	A. President of France B. a modern economist C. good sports man D. classical economist
20	Marshall is his definition of economics	A. uses the concept of material welfare B. dislikes wealth C. accuses Adam smith D. Praises Robbins
21	Wealth of nations	A. is another name for united nations B. is name of a book C. indicates total wealth of rich countries D. contains formulas to earn wealth
22	Marshall wrote the book	A. Introduction to economics B. Principles of economics C. Classical economics D. Micro economics theory
23	Economics theory means	A. economic policy B. economic principles C. descriptive economics D. economics facts
24	Robbins in his definition	A. talks of scarcity of resources B. preached moral values C. supports Adam smith view D. none of the above
25	Rotten eggs are	A. free good B. economic good C. service D. wealth
26	Human wants are	A. one thousand B. few C. innumerable D. countable
27	A consumer in equilibrium when marginal utilities are	A. minimum B. highest C. equal D. increasing
28	In economics, one or more persons sharing common consumer budget is called	A. social group B. consumer union C. organisation D. household
29	When marginal is negative, it must be true that	A. the average is negative B. the average is decreasing C. the total is negative D. the total is decreasing
		A. unimportant B. additional

30	the term marginal in economics means	B. additional C. the minimum unit D. just barely passing
31	Utility is most closely related to the term	A. useful B. useless C. necessary D. satisfaction
32	A consumer's spending is restricted because of	A. marginal utility B. budget constraint C. demand curve D. unlimited wants
33	Law of substitution is another name for	A. law of diminishing MU B. law of equi-MU C. law of demand D. law of satisfaction
34	Law of Equi marginal utlility is a low of	A. production of wealth B. consumption of wealth C. distribution of wealth D. exchange of wealth
35	Utility and usefulness are	A. equal B. different C. opposite D. unrelated
36	When MU is positive, TU	A. increases B. decreases C. remains constant D. is maximum
37	Diminishing marginal utility is the basis of	A. law of supply B. law of demand C. laws of returns D. none of the above
38	When MU=0, TU is	A. minimum B. maximum C. increasing D. decreasing
39	The quality of commodity that satisfies some human want or need is called	A. service B. demand C. utility D. efficiency
40	Indifference curves are convex to the origin because	A. two goods are perfect substitutes B. two goods are imperfect substitutes C. two goods are perfect complementary goods D. goods area jointly demanded
41	MU curve	A. rises left to right B. is always vertical C. falls left to right D. is always horizontal
42	Equilibrium of consumer is explained by	A. negative utility B. positive utility C. marginal utility D. profit
43	If a person consumes goods X and Y maximises total utility, then MU per rupee from the two goods must be	A. equal B. unequal C. increasing D. decreasing
44	If a consumer moves upward along an indifference curve, his total utility	A. falls to zero B. does not change C. increases D. decreases
45	A variable is a symbol which, during a discussion, may assume different values or a set of admissible values. This is the definition of	A. Prof. Kooros B. Prof. Marshall C. Prof. Rabbins D. Prof. Kneez
46	In mathematics which letters at the end of alphabet are used to represent variables	A. (u,v,w,x,y,z) B. (a,b.c.d.e.f.g) C. (a.b.c.u.v.w) D. ((x,y,z,a,b,c)
47	How many Kinds of variables?	A. There are many kinds of variables B. There are 2 kinds of variables C. There are 3 kinds of variables D. There are 4 kinds of variables

48	How many kinds of equations?	A. 4 B. 3 C. 2 D. 5
49	A statement of how one variable affects other variable is	A. a quadrant B. a variable C. an assumption D. a functional relationship
50	Which is the general form of quadratic equation	A. $x^2 - x - 20 = 0$ B. $ax^2 + bx + c = 0$ C. $x^2 - x - c = 0$ D. None of these
51	$3x^2 = 0$ is an equation	A. linear B. quadratic C. general D. first degree
52	If we plot the equation y = 20 +3x, its slope is	A. 20 B. 3 C. 20/3 D. Indeterminate
53	To show data in tables, we must first	A. reduce data B. expand data C. classify data D. all of the above
54	When the classify data on the basis of income there will be	A. class intervals B. class numbers C. groups D. sections
55	To measure changes in purchasing power of money, we use	A. percentages B. index numbers C. averages D. variables
56	This is a tool in economic studies	A. market B. price C. firm D. functional relation
57	if X and Y scales are the same a line making 45-degree angle with X-axis has slope	A. 1/4 B. 1/2 C. 1 D. constant
58	The relationship between two variables that move in the same direction is called	A. neutral B. positive C. independent D. dependent
59	How many kinds of data?	A. 2 B. 3 C. 4 D. 5
60	Normally a demand curve will have the shape	A. horizontal B. vertical C. downward sloping D. upward sloping
61	Law of demand shows relation between	A. income and price of commodity B. price and quantity of a commodity C. income and quantity demanded D. quantity demanded and quantity supplied
62	This is an assumption of law of demand	A. price of the commodity does not change B. quantity should not change C. supply should not change D. income of consumer should not change
63	If quantity demanded is completely unresponsive to changes in price, demand is	A. inelastic B. unit elastic C. elastic D. perfectly inelastic
64	Other things equal, if a good has more substitutes, its price elasticty of demand is	A. larger B. smaller C. zero D. unity

65	Price of a product falls by 10% and its demand rises by 30%. The elasticity of demand is	A. 10% B. 30% C. 3 D. 1/3
66	If elasticity of demand is very low it shows that the commodity is	A. a necessity B. a luxury C. has little importance in total budget D. a and c above
67	The following are causes of shift in demand EXCEPT the one	A. change in income B. change in price C. change in fashion D. change in prices of substitutes
68	When demand is perfectly inelastic, an increase in price will result in	A. decrease in total revenue B. increase in total revenue C. no change in total revenue D. decrease in quantity demanded
69	If demand is unitary elastic, a 25% increase in price will result in	A. 25% change in total revenue B. no change in quantity demanded C. 1% decrease in quantity demanded D. 25% decrease in quantity demanded
70	Irrespecitve of price, Somia always spends Rs. 100 a week on ice cream, we conculde that	A. elasticity of demand is 0 B. elasticity of demand is 1 C. elasticity of demand id infinite D. law of demand has been violated
71	When cross elasticity of demand for A and B is positive number, one can conclude that	A. the goods are cheaper B. the goods are inferior C. the goods are substitutes D. the goods are complements
72	If demand is inelastic, a change in the price	A. will change the quantity in same direction B. will change total revenue in same direction C. will change total revenue in the opposite direction D. will not change quantity
73	This is the assumption of law of demand	A. price of the commodity should not change B. Quantity demanded should not change C. Price of substitutes should not change D. Demand curve must be linear
74	Which of the following is a demand function?	A. Q + 4P = 20 B. Q = 35 + 3P C. Q - 2P - 15 =0 D. 5P - Q = 4
75	Haris has a special taste for chicken rolls of college canteen. The owner of the canteen doubles the price of chicken roll. Haris did not respond to the increase in prices and kept on demanding the same quantity of chicken roll. His demand for chicken roll is	A. perfectly elastic B. perfectly inelastic C. elastic D. less elastic
76	Price and demand are positively correlated in case of	A. necessities B. comforts C. Giffen goods D. Luxuries
77	The elasticity of demand of durable goods is	A. less than unity B. greater than unity C. equal to unity D. zero
78	The demand of a commodity having many substitutes is	A. more elastic B. less elastic C. zero elastic D. infinite elastic
79	Mr. Suleri bought 50 litters of petrol when his monthly income was Rs. 25000. Now his monthly income has risen to Rs. 50000 and he purchases 100 litres of petrol. His income elasticity of demand for petrol is	A. 1 B. 100% C. less than one D. more than one
80	When price elasticity of demand for normal goods in calculated, the value is always	A. positive B. negative C. constant D. greater than one

81	Income elasticity of demand for normal good is always	A. 1 B. more than one C. negative D. positive
82	Demand is a function of	A. price B. quantity C. supply D. none
83	If price and total revenue move in the same direction, then demand is	A. inelastic B. elastic C. unrelated D. perfectly elastic
84	Price elastic of demand measures	A. change in price caused by changes in demand B. the rate of change of sales C. the responsiveness of demand to price changes D. the value of sales at a given price
85	Which one is increasing function of price	A. demand B. utility C. supply D. consumption
86	It describes the law of supply	A. supply curve B. supply schedule C. supply equation D. all the three
87	Supply curve will shift when	A. price falls B. price rises C. demand shifts D. technology changes
88	An increases in demand would cause supply curve to	A. shift to the left B. shift to the right C. change in slope of supply curve D. no effect on supply
89	If price changes by one % and supply changes by 2% then supply is	A. elastic B. inelastic C. indeterminate D. static
90	If elasticity of supply is greater than one. supply curve will be	A. horizontal B. vertical C. passing through origin D. touching y-axis
91	Supply curve	A. is vertical in long run B. is flatter in long run C. is same in long and short run D. is horizontal in both short and long run
92	During a particular year farmers experienced a dry weather, if all other factors remain constant, farmers supply curve for wheat will shift to	A. rightward B. leftward C. downward D. no direction
93	When a supply of a commodity increases without change in price it is called	A. fall in supply B. expansion in supply C. contraction in supply in D. rise in supply
94	What best explains a shift in market supply curve to the right?	A. an advertising campaign is successful in promoting the good B. a new technique makes it cheaper to produce the good C. the government introduces a tax on the good D. the price of raw materials increases
95	Supply of a commodity means	A. willingness to sell a certain quantity B. physical stocks available C. planned production D. total production in a given period
96	If elasticity of supply is one, supply curve will be	A. horizontal B. vertical C. passing through origin D. touching x-axis

#	Question	Options
97	Which of the following shifts supply curve of cars to the right	A. tax on new cars B. increase in wages of workers C. decrease in steel price D. a successful promotion campaign by sellers
98	Long period supply curve is	A. relatively flatter B. relatively steeper C. more elastic D. a and c of above
99	If a firm makes 200 units of a good available at a price of Rs. 10 per unit, the elasticity is	A. 0.05 B. 10 C. 20 D. indeterminate
100	A decrease in demand causes the equilibrium price to	A. rise B. fall C. remain constant D. indeterminate
101	When price is fixed below equilibrium level, there will be	A. surplus commodity in the market B. shortage of commodity in the market C. supply curve will shift D. demand curve will shift
102	If equilibrium price rises but equilibrium quantity remains unchanged, the cause is	A. supply and demand both increase equally B. supply and demand both decrease equally C. supply decreases and demand increases D. supply increases and demand decreases
103	Price of a product is determined in a free market	A. by demand for the product B. by supply of the product C. by both demand and supply D. by the government
104	An increases in the price of mutton provides information which	A. tells consumers to buy more mutton B. tells consumers to buy more chicken C. tells producers to produce more mutton D. b and c of above
105	In market equilibrium, supply is vertical line. The downward sloping demand curve shifts to the right. Then	A. price will fall B. price remains same C. price will rise D. quantity rises
106	Equilibrium	A. is a state that can never be achieved in economics B. is an important idea for predicting economics changes C. is a stable condition D. is an unstable condition
107	Ten rupees is the equilibrium price for good Z. If govt. fixes price at Rs. 5, there is	A. a shortage B. a surplus C. excess supply D. loss
108	A rise in supply and demand in equal proportion will result in	A. increase in equilibrium price and decrease in equilibrium quantity B. decreases in equilibrium price and increases in equilibrium quantity C. no change in equilibrium price and increases in equilibrium quantity D. increases in equilibrium price and no change in equilibrium quantity
109	The price and sales of sugar both increase. What could be the cause of this?	A. a decrease in the income of the consumers. B. a decrease in the tax on sugar C. An increase in the wages of workers in the sugar industry D. An increase in the price of sugar substitutes
110	If we know that quantities bought and sold are equal, we can conclude that	A. quantities demanded and supplied are also equal B. the market is in equilibrium C. there will be no tendency for a price change D. all of the above

111	If price is set above equilibrium level, there will be	A. surplus commodity in the market B. shortage of commodity in the market C. supply curve will shift D. demand curve will shift
112	If equilibrium price rises but equilibrium quantity is unchanged, the cause is	A. supply and demand both increase equally B. supply and demand decrease equally C. supply curve is vertical and demand increases D. supply increases and demand is same
113	Market equilibrium means	A. number of buyers and sellers are equal B. demand and supply of commodity are equal C. no price is changing D. prices rise very slowly
114	Markets where firms supply goods and services demanded by households are	A. factor market B. product market C. open markets D. resource markets
115	Demands and supply curves cross at	A. always at 60 degree B. at 90 degree C. at equal angle D. at any angle
116	When demand is perfectly elastic, an increase in supply will result in	A. decrease in quantity sold B. increase in quantity sold C. fall in price D. b and c above
117	Demand and supply forces determine market price	A. only in perfect competition B. only in monopoly market C. in both markets D. none of the above
118	Labour is hirable but you cannot hire	A. capital B. land C. manager D. entrepreneur
119	The three broad types of productive resources are	A. money, profit and interest B. capital, labour and natural resources C. labour, stock shares and deposits D. technology, landl and markets
120	Land means	A. sea B. surface of earth C. natural forests D. all natural resources
121	Economic development of a country requires	A. skilled lobour B. diplomacy C. abundant natural resources D. a and c of aboce
122	Land as used in economics	A. is a free gift of nature B. is unlimited in quantity C. is not hirable D. excludes oceans
123	Which of the following is NOT an input	A. labour B. entrepreneurship C. natural resources D. production
124	Which of the following input factor takes risk, innovates and coordinates	A. capital B. labour C. productivity D. entrepreneur
125	Which of the following is correct with respect to resources	A. Money is a capital good B. Human skills are a labour input C. Entrepreneur is part of the labour input D. Natural resources include human input
126	The transformation of resources into economic goods and services is called	A. technical efficiency B. input

126	The transformation of resources into economic goods and services is called	C. production D. increasing returns
127	Economic goods produced by firms are called	A. productivity B. innovation C. technological progress D. output
128	Land is	A. hirable B. not hirable C. homogeneous D. a form of capital
129	Geographical mobility is not possible for	A. land B. labour C. capital D. wealth
130	The following is *NOT*a factor of production	A. labour B. entrepreneurship C. land D. money
131	Which of the following factors takes risk, innovates and coordinates	A. capital B. labour C. bank D. entrepreneur
132	The transformation of resources into economic gods and services is	A. input B. production C. entrepreneur D. market
133	For production of goods we need factors	A. few B. 2 C. 4 D. unlimited
134	Standard of living of a country can be raised if it increases	A. labour force B. production C. money supply D. exports
135	Productivity of land can be raised by	A. decreasing farm size B. intensive cultivation C. better marketing D. increasing money supply
136	Natural environment that supports production of goods and services is included in	A. labour B. money C. capital D. land
137	An example of natural resource is	A. factory B. skilled doctor C. oil reserves in the ground D. oil reserves in storage tank
138	Production in economic means	A. factors of production B. doing some job C. output of goods D. profit
139	Which is true	A. labour produces land B. land produces labour C. labour produces capital D. capital produces labour
140	Land, labour and capital are needed to produce goods. They are collectively called	A. elements of production B. factors of production C. tools of production D. cost of production
141	If a firm increases the ratio of capital to labour, it becomes more	A. labour intensive B. capital intensive C. output intensive D. input intensive
142	According to Malthus, population increase by	A. arithmetic progression B. geometric progression C. systematic progression D. automatic progression
143	Productivity of labour can be increased by	A. raising minimum wages B. reducing profits C. increasing skills of workers D. punishing absentee workers
		A. homogeneous

144	All labour is	B. heterogeneous C. lazy D. intelligent
145	Mobility of labour	A. increases efficiency of labour B. decreases wages of labour C. increases division of labour D. a and c of above
146	Unemployment due to mechanization of agriculture is	A. seasonal B. structural C. industrial D. personal
147	Labour input includes	A. inventor B. innovator C. unskilled worker D. all of the above
148	Labour force participation rate is the	A. proportion of population that is working B. proportion of population aged above 20 C. proportion of skilled workers D. proportion of female workers to male workers
149	The set of skills and abilities that workers possess for production of goods and serves is	A. motivation B. wealth C. human capital D. natural talent
150	Saqib graduated one month ago. He is still unemployed. His unemployment is	A. structural B. frictional C. seasonal D. personal
151	Specialization of labour has the advantage.	A. increased production B. introduction of new technology C. increases in self-sufficiency D. a and b of above
152	Every country should have population	A. minimum B. constant C. optimum D. fast growing
153	Underemployment of labour means	A. a worker does not get full time job B. a worker is not happy with present job C. a person does not get job according to his qualification D. a and c of above
154	An example of labour is	A. gambler B. jogger C. computer engineer D. all of the above
155	Which is NOT an advantage of division of labour	A. workers spend less time moving from job to job B. workers becomes dependent on other workers C. workers become more efficient at performing repeated task D. machinery is more easily introduced to perform simple tasks
156	Rickshaw has replaced tonga as local transport. As a result the tongs-drivers have become unemployed. Such unemployment is called	A. structural B. frictional C. seasonal D. personal
157	Optimum population is defined by the economists as the level of population at which	A. death rate equals birth rate B. labour productivity is maximized C. country achieves food self sufficiency D. national income per head is maximesed
158	The human effort applied to the production of goods is called in economics	A. labour B. skill C. experience D. services
159	To reduce unemployment the govt. may	A. reduce money supply B. reduce mobility of labour C. reduce minimum wages

160	They are included in labour expect	A. college principle B. professors C. office clerk D. students
161	In Pakistan rate of labour participation is	A. 13% B. 23% C. 33% D. 43%
162	Estimate of Pakistan's population for 2013 is	A. 185 million B. 285 million C. 385 million D. 485 million
163	This is *NOT* the result of specialization	A. increased production B. improvement in quality of product C. increase in cost of production D. increase in trade
164	If a farmer moves from village to a town and establishes a small factory, it is a kind of mobility	A. geographical B. occupational C. social D. all of the above
165	Efficiency of labour is not affected by	A. attitude of worker B. attitude of employer C. attitude of wife/husband D. all affect
166	About labour we can say with certainty that it is	A. Perishable B. Hirable C. Reliable D. all of the above
167	Which of the following is capital	A. toy of a child B. plough of the farmer C. calculator of the student D. novel book in the library
168	Which is true	A. capital depreciates B. capital is primary factor of production C. capital in not hireable D. human capital is real capital
169	To the economist, investment refers to	A. sale of real estate B. creation of new capital C. purchase of a prize bond D. decrease in inventories
170	A factory is an example of	A. capital B. natural resources C. entrepreneurship D. none of the above
171	The government constructed a new water reservoir for the purpose of irrigation; this might be taken as	A. increase in supply of capital B. increase in supply of land C. increase in supply of land and supply of capital D. increase in natural resources
172	Which of the following is *NOT* capital as economists use the term	A. an office building B. machinery in a factory C. an industrial robot D. money
173	Which of the following is a producer good	A. pen B. cycle C. mobile phone D. hammer
174	An example of money capital is	A. cash B. money in a savings account C. prize bond D. golden ring
175	Which is *NOT* a cause of slow capital formation in Pakistan	A. poverty B. illiteracy C. bad governance D. low rate of taxes
176	Capital formation lakes place when	A. people save a part of their incomes B. saved amount is invested C. investors expect good return D. all of the three

177	Which of the following is capital	A. tractor B. TV station C. tarbela dam D. all of the three
178	The difference between iron ore deposits and the steel produced illustrates the difference between	A. labour and natural resources B. labour and capital C. natural resources and capital D. natural resources and entrepreneurship
179	It is function of capital	A. provision of machinery B. payment of wages C. establish good relation with employees D. a and b of above
180	These are kinds of capital EXCEPT	A. fixed capital B. expensive capital C. working capital D. real capital
181	Productivity of capital depends upon	A. quality of labour B. quality of raw materials C. quality of management D. all of the above
182	Net investment equals Gross investment MINUS	A. fixed capital B. capital depreciation C. capital appreciation D. capital formation
183	An entrepreneur is a person who performs the dual function of risk-taking and control. This is the definition of	A. Prof. Knight B. Prof. Marshall C. Prof. Robbins D. Prof. Knees
184	Those who invest in joint stock companies are called	A. partners B. shareholders C. members D. associates
185	Limited liability is one of the advantages of	A. partnership B. sole proprietor C. joint stock company D. cooperative society
186	He prepares the initial plan of the business	A. capitalist B. manager C. entrepreneur D. officer
187	It is most suitable for large scale business	A. proprietorship B. partnership C. corporation D. cooperative society
188	A public limited company is run by	A. board of governors B. board of managers C. board of advisor's D. board of directors
189	They can expand their business by selling shares in the stock market	A. proprietor of a business B. partners of the business C. joint stock company D. industrial cooperative societies
190	Reward of which factor of production is not pre-determined?	A. labour B. land C. capital D. organisation
191	It is an example of public limited company	A. WAPDA B. President House C. SHELL petroleum D. none of the above
192	A public corporation comes into existence by means	A. registration under the Companies Act B. Act of parliament C. decision by the shareholders D. registration with the Stock Exchange
193	If a public limited company issues bonds to increase resources, then it pays	A. fixed premium to bond holders B. fixed interest to bond holders C. fixed tax to bond holders D. fixed profit to bond holders

194	A joint stock company has	A. limited liability B. unlimited liability C. limited capital D. unlimited capital
195	A person who contributes funds in partnership but does not take active part in management of business is called	A. sleeping partner B. helping partner C. temporary partner D. inactive partner
196	The word "LIMITED" at the end of a firm's name means	A. it produces only commodity B. has limited capital C. cannot have more than 100 members D. shareholders liability to pay debt of firm cannot exceed value of their investment
197	WAPDA is a	A. public corporation B. public company C. private company D. partnership
198	In production of goods, negative returns in the short run imply that	A. average product is negative B. total product is negative C. marginal product is negative D. marginal cost is falling
199	Economies of scale	A. occur when increase in input less than proportionate increase in output B. suggest that firm's marginal cost curve lies above its average cost curve C. suggest that the firm's marginal cost curve is declining D. occur when average cost is falling
200	In law of diminishing returns at least one factor	A. must be constant B. must be owned by the firm C. must be purchasable D. must be efficient
201	Economics of scale are of two kinds	A. temporary and permanent B. internal and external C. managerial and industrial D. natural and artificial
202	Laws of return apply to firms working in	A. perfect competition B. monopoly C. small firm D. all kinds of market situations
203	during short period, diminishing returns may follow because	A. quantity of labour is fixed B. quality of labour is fixed C. quantity of capital is fixed D. quantity of any one factor is fixed
204	Which of the following saying describes diminishing marginal returns in the short run?	A. When the cat is away, the mouse will play B. Too many cooks spoil the broth C. A rolling stone gathers no moss D. A stitch in time saves nine
205	When a firm using a fixed amount of land and capital takes on more workers, it finds that marginal product(MP) of labour falls but the average product(AP) of labour rises. This can be explained by the factors that	A. MP of labour is grater than AP of labour B. additional workers are more efficient C. MP and AP are equal D. AP is maximum
206	Which of the following is example of external economies of scale?	A. Discount on purchases of raw materials B. Technical progress leads to development of machines at low price C. Hiring of specialized staff due to increase in scale of production D. A firm starts producing by products
207	The maximum point of TP curve is at quantity of labour where	A. Average physical product of labour is equal to 1 B. MPP of labour is at its maximum C. curves of APP and MPP of labour intersect D. MPP of labour is zero
		A. increase in supply of capital B. increase in supply of land

208	The government constructed a new water reservoir for the purpose of irrigation; this might be taken as	B. increase in supply of land C. increase in supply of land and supply of capital D. none of these
209	Internal economies of scale include	A. risk-bearing economics B. trade mark C. managerial economies D. a and c of above
210	If in a production process, all inputs are increased by 10% and output increase by less than 10%, then it is called	A. economies of scale B. diseconomies of scale C. diminishing marginal returns D. negative economies
211	The production function relates to	A. cost of output B. cost of input C. output to input D. demand to output
212	Marginal product curve intersects average product curve when AP curve is	A. minimum B. maximum C. rising D. falling
213	When MP is zero, TP is	A. minimum B. maximum C. rising D. falling
214	Marginal product indicates rate of change of	A. total product B. average product C. variable product D. all of the above
215	Law of decreasing returns generates	A. law of economic growth B. law of increasing costs C. law of variable costs D. law of decreasing costs
216	When diseconomies of scale outweigh economies of scale the	A. long run AC curve rises B. marginal cost falls C. long run ATC curve falls D. AVC falls
217	Economies and diseconomies of scale determine the shape of	A. long run AC curve B. short run AC C. average fixed cost D. none of the above
218	How many kinds of market?	A. 4 B. 5 C. 6 D. 7
219	Which of the following is one of the assumptions of perfect competition.	A. few buyers and few sellers B. many buyers and few sellers C. many buyers and many sellers D. all sellers and buyers are honest
220	A firm under perfect competition is	A. price maker B. price breaker C. price taker D. price shaker
221	Which of the following markets comes closest to perfect market	A. wheat market B. cigarette market C. cold drinks market D. stock market
222	The kind of market is undesirable	A. general market B. specialized market C. local market D. monopoly market
223	Which is a condition for existence of monopoly	A. big size B. identical product C. absence of government taxes D. no close substitute
224	In case of monopoly	A. marginal revenue curve always slopes upward B. total revenue curve always slopes upward C. marginal revenue is always equal to average revenue D. marginal revenue is always less than average revenue

A. marginal revenue curve always

225	In case of perfect competition in the market	A. marginal revenue curve always slopes upward B. marginal revenue curve always slopes downward C. marginal revenue is always equal to average revenue D. marginal revenue is always less than to average revenue
226	In the business world	A. a firm working under perfect competition wants to become a monopoly B. a firm working under monopoly wants to become a competitive firm C. monopoly price is always higher than competitive price D. competitive price is always higher than monopoly price
227	Which is *NOT* true	A. perfect monopoly does not exist in real world B. perfect competition does not exist in real world C. every monopoly is evil D. every firm wants to reduce competition
228	The major difference between perfect competition and monopolistic competition is	A. unity of frims B. differentiated product C. rate of profit D. free exit and entry
229	Marginal revenue is always less than price at all levels of output in	A. perfect competition B. monopoly C. both A and B D. none of the above
230	Which of the following is *NOT* a characteristic of perfect competition?	A. free entry and exit of the firm B. demand curve of a firm is horizontal C. marginal revenue curve is horizontal D. individual firm can influence the price
231	When marginal revenue is zero, total revenue is	A. maximum B. minimum C. zero D. decreasing
232	Under perfect competition MR and AR curves	A. are the same B. are different C. intersect each other D. are parallel
233	In monopoly at various output levels	A. AR = MR B. AR < MR C. AR > MR D. AR and MR curves are parallel
234	Excise tax is a part of	A. fixed cost B. variable cost C. implicit cost D. in not a part of cost
235	The shape of rectangular hyperbola is made by	A. MC B. AFC C. AVC D. TFC
236	As output increases	A. MC curve firstly falls then rises B. MC firstly rises then falls C. MC continuously rises D. continuously falls
237	Unit cost is another name for	A. MC B. AVC C. ATC D. AFC
238	All inputs can be varied in	A. short run B. long run C. both periods D. non of the period
239	Which statement is true	A. ATC + AVC = AFC B. ATC + MC = AFC C. ATC + AFC = AVC D. AFC + AVC = ATC

240	Which is NOT a cause of shift in cost curves of a frim	A. excise tax B. prices of inputs C. increase in productivity D. price of product
241	MC is given by slope of	A. TFC B. TC C. ATC D. AVC
242	TC	A. starts from origin B. not from origin C. is parallel to y-axis D. parallel to x- axis
243	TVC	A. starts from origin B. not from origin C. is parallel to x-axis D. is parallel to y-axis
244	TC	A. rises continuously B. falls then rises C. is horizontal to x-axis D. is parallel to y-axis
245	All the following are U-shape except	A. AVC B. AFC C. AC D. MC
246	The cost which a firm incurs for purchasing or hiring factors is called	A. implicit B. explicit C. real D. basic
247	Short run means is a period	A. less than one year B. in which at least one input is fixed C. in which no input can be changed D. in which firms can easily enter or exit
248	Long rum is a period	A. three years or longer B. long enough to allow firms to change plant size and capacity C. in which a firm need not get loans D. which affects larger more than smaller firms
249	As out put increases, AC curve	A. falls B. rises C. remains constant D. all of the above
250	The long run average cost curve is tangent to various	A. short run TCs B. short run ACs C. AVCs D. AFCs
251	Pollution which is side effect of producing or consuming something and which is not taken into account by producers and sellers is called	A. externality B. wastage C. extra cost D. opportunity cost
252	The sacrifice of an alternative use of resources to produce something is called its	A. real cost B. opportunity cost C. sacrifice cost D. alternative cost
253	The necessary condition for equilibrium position of a firm is	A. MC > MR B. MC > price C. MC = MR D. MC = AC
254	Profit is maximum when	A. distance between TR and TC is maximum B. distance between AR and AC is maximum C. distance between MR and MC is maximum D. distance between MR and AR is maximum
255	profit is a maximum when	A. TC and TR curves are parallel B. MC and MR curves are parallel C. AC and AR curves are parallel D. TFC and TVC are parallel
		A. MC curve must be rising

256	At the point of equilibrium of firm under perfect competition	B. MC curve must be falling C. MR curve must be rising D. MR curve must be falling
257	Normal profit is	A. part of total cost B. part of economic profit C. part of fixed cost D. total revenue minus total cost
258	Economic profit is	A. part of total cost B. total revenue minus total cost C. total revenue minus variable cost D. total variable cost minus total fixed cost
259	A firm earns economic profit when total profit exceeds	A. normal profit B. implicit costs C. explicit costs D. variable costs
260	The basic goal of a firm is to	A. maximize revenues B. maximize employees' welfare C. maximize profit D. maximize output
261	Normally MR curve intersects MC curve at points	A. 1 B. 2 C. 3 D. 4
262	The necessary condition for equilibrium of firm is	A. AVC = AFC B. AR = MR C. MC = MR D. TVC = TFC
263	In the long run under perfect competition a firm produces at a point where	A. LAC is minimum B. SAC is minimum C. both LAC and SAC are minimum D. none is minimum
264	A monopoly firm is in equilibrium when	A. MC intersects AC B. MC intersect MR C. AC intersects AR D. TC intersects TR
265	A firm decides to shut down production temporarily when	A. MC start rising B. AC stat rising C. price = AC D. price falls below AVC
266	There are large number of seller and buyers in the market but none is able to influence market price. such a market is called	A. free B. open C. regular D. competitive
267	If Bali burgers find that their MC of burgers is less than MR they would try to	A. expand business B. reduce business C. continue as before D. close business
268	In short period how many possibilities in which a firm may find itself	A. four B. five C. six D. seven
269	Total profit = ?	A. Per unit profit x output B. Per unit profit x input C. Per unit profit + output D. per unit profit - input
270	A firm decides to exit the industry when	A. AC starts rising B. MC starts rising C. price is less than LAC D. TC starts rising
271	Profit is maximum when	A. TC and TR curves are parallel B. MC and MR curves are parallel C. TC and TR curves cross each other D. AC and AR curves cross each other
272	In monopoly and perfect competition the cost curves are	A. similar B. different C. opposite D. falling in competition rising in monopoly
		A. it is neither very high nor very low

273	Normal profit is called normal because	B. it is minimum acceptable to the producer
		C. it is minimum which buyer wants to pay
		D. it is maximum allowed by govt.

274	If a firm shuts down temporarily, it will incur loss equal to	A. AFC
		B. AVC
		C. TFC
		D. TVC

275	Under perfect competition	A. AC = AVC
		B. AR = AC
		C. AR = MC
		D. AR= MR

276	The necessary condition for equilibrium position of a firm is	A. MR > MC
		B. MC > price
		C. MC = MR
		D. MC = AC

277	When a competitive firm achieves long run equilibrium then	A. P= MC
		B. MR = MC
		C. P = ATC
		D. all of the above

278	The most efficient scale of production of a firm is where	A. LAC is minimum
		B. SAC is minimum
		C. LMC is minimum
		D. SMC is minimum

279	A firm should shut down in the short run if it is not covering its	A. variable cost
		B. fixed cost
		C. total cost
		D. explicit cost

280	A monopoly generally	A. allocates resources in a socially optimal way
		B. encourages greater income equality
		C. encourages greater efficiency
		D. produces less quantity than the quantity which minimies average cost

281	Marginal revenue is always less than price at all level of output in	A. perfect competition
		B. monopoly
		C. both a and b
		D. none of the above

282	Marginal revenue of a monopolist is	A. equal to price
		B. greater than price
		C. less than price
		D. increases with output

283	Every factor of production gets reward equal to	A. value of average product
		B. value of marginal product
		C. value of total product
		D. total revenue

284	Under perfect competition, demand for a factor is its	A. MRP curve
		B. ARP curve
		C. TRP curve
		D. TR - TC

285	Why should employ units of a factor to a point where	A. MP is negative
		B. MP is equal to price of the factor
		C. MP is positive
		D. MP is rising

286	If marginal product of labour rises because of new technology	A. wages will rise
		B. wages will fall
		C. wages will be unaffected
		D. may raise or fall

287	One of the following NOT a assumption of the marginal productivity theory	A. units of factor are homogeneous
		B. mobility of factor
		C. low price of factor
		D. perfect competition

288	Increasing the minimum wage for workers will	A. solve the unemployment problem
		B. result in scarcity of workers
		C. cause substitution of capital for labour
		D. decreases the MP of those workers

| | | A. wages are determined by MP |
| | | B. Rent is fixed by landlords |

289	In factor market, which statement is true	C. interest rate is determined by Govt. D. profit is determined by luck
290	Union leaders are in better position bargain for higher wages if demand for labour is	A. elastic B. inelastic C. very large D. permanent
291	Sometimes the supply curve of labour bends	A. downward B. upward C. backward D. firstly upward and then downward
292	In which form the largest percentage of national income is earned	A. interest income B. proprietor's income C. employees' income D. rental income
293	The minimum wage is an example of	A. price floor B. price ceiling C. equilibrium wage D. efficiency of labour
294	A firm maximizes profit of	A. MRP = wage rate B. MRP = ARP C. MRP is rising D. TRP = wages
295	Who is unemployed	A. housewife B. college student C. a peer who lives on gifts from mureeds D. a freshly graduated engineer who is searching for a job
296	Standard of living of workers depends upon their	A. nominal wages B. real wages C. average product D. govt. policy
297	Doctors get higher wages than clerks because	A. doctors are in short supply B. doctors have more respect in society C. doctors are organised in trade unions D. people fear doctor's displeasure
298	Under marginal productivity theory, reward for labour is determined by	A. owner B. government C. labour D. marginal product
299	The reward of their services cannot be fixed	A. wage earner B. rent receiver C. interest receiver D. profit earner
300	A producer will employ workers up to the point where its MRP becomes	A. ARP B. current wage rate C. negative D. equal to profit
301	Fixing of minimum wage	A. raises demand for labour B. raises profits C. causes unemployment D. is welcomed by employers
302	The supply of labour is based on the trade off between leisure and	A. wealth B. work C. wages D. price of product
303	He cannot be unemployed	A. policeman B. beggar C. mikman D. bank officer
304	For an individual farmer, rent paid by him	A. is part of cost and affects price of his product B. does not enter into price of his product C. is unjustified D. cannot be determined
305	He presented a theory of rent	A. Malthus B. Allama Iqbal C. Ricardo D. Marshall

306	The following affect rent EXCEPT	A. better location B. fertility of land C. cleverness of landlords D. scarcity of land
307	These are kinds of rent EXCEPT	A. differential rent B. scarcity rent C. mobility rent D. location rent
308	According to Ricardo rents are high because prices of produce of land are	A. high B. low C. constant D. none of the above
309	Quasi rent	A. is permanent B. is temporary C. arises in long run only D. means high rent
310	Marginal land	A. is uncultivable land B. gets low rent C. gets no rent D. cannot be sold
311	Rent is calculated from	A. most superior land B. most inferior land C. marginal land D. uncultivable land
312	This is capital	A. money B. forests C. machinery D. trademarks
313	According to Keynes interest is a payment for	A. consumer's preference B. producer's preference C. liquidity preference D. state bank's preference
314	Interest is paid because	A. capital is scarce B. capital is productive C. capital is attractive D. a and b of above
315	With decrease in price of bonds, rate of interest	A. decreases B. increases C. does not change D. none of the above
316	Every factor of production gets reward equal to its	A. cost B. marginal product C. price D. increasing return
317	According to Keynes interest is a payment for	A. use of durable goods B. use of capital C. use of money D. use of land
318	In economic capital refers to	A. money B. high quality goods C. trade mark D. machinery and factories
319	He said interest is payment for use of money	A. Adam Smith B. Ricardo C. Keynes D. Marshall
320	The borrower has to pay interest because of	A. His poverty B. productivity of capital C. greediness of capitalist D. scarcity of capital
321	Professor Knight is famous for his theory of	A. rent B. profit C. population D. wages
322	Profits	A. are residual payment B. are pre-detemined C. are fixed by contract D. are always higher than wages
		A. are lower in the long run than in the short run

323	Profits	B. can be negative C. are less in perfect competition than in monopoly D. all of the above
324	Profits	A. are necessary B. are unnecessary C. can never be negative D. are illegal
325	Profits arise because an entrepreneur	A. prepares plan B. innovates C. lends money D. a and b of above
326	Profits	A. are like wages B. are like interest C. always depend upon chance D. none of the above is true
327	Gross profit does NOT include	A. rent of his own land B. interest of his own capital C. pure profit D. taxes
328	Some economists say that profit earner is a kind of	A. rent receiver B. interest receiver C. wage earner D. govt. officer
329	Risks in the business arise because of	A. introduction of the new products B. uncertain policy of rival firms C. changes in tastes D. all the above
330	According to Prof. Knight risks are of ...... kinds	A. 2 B. 3 C. 4 D. many
331	This is not a function of the entrepreneur	A. supervise B. innovate C. lend money D. prepare plan
332	Gross profit includes	A. monopoly profit B. pure profit C. windfall profit D. all of the above
333	He put forward the theory of profit	A. Keynes B. Adam Smith C. Knight D. Anyson
334	Profits arise	A. only in monopoly B. because of uncertainty C. shortage of goods D. like interest
335	A _____ is something which is measurable and can take on different values	A. Variable B. Constant C. Both a and b D. None of these
336	Variable are represented by symbol	A. V B. U C. P D. C
337	Constant are represented by symbol	A. C B. V C. P D. U
338	How many kinds of Function	A. 2 B. 3 C. 4 D. 5
339	_____ is a science which is concerned with the collection, presentation, and interpretation of numerical data	A. Statistics B. Economics analysis C. Function D. None of these
340	Market equilibrium means a situation where	A. $Q_s = Q_d$ B. $Q_s = Q_p$ C. $Q_d = Q_p$ D. $Q_q = Q_p$

341	Market Price of Perishable	A. Commodities B. Utility C. Consumer D. None of these
342	In May 2012, firm was supplying 1000 kg of sugar at market price of Rs. 60/- per kg. During June 2012, firm's supply of sugar had decreased to 900 kg at price Rs. 40/- per kg. These changes show that supply of sugar is	A. Perfectly elastic B. Perfectly inelastic C. Less elastic D. More elastic
343	Other things remaining the same, quantity supplied of a commodity increases with rise in price and decreases with fall in price are called	A. Law of Supply B. Law of Demand C. Law of equilibrium D. None of these
344	The quantities of a commodity offered for sale at different prices during a given period of time are called	A. Supply B. Demand C. Stock D. None of these
345	A schedule of the amount of a good that would be offered for sale at all possible prices, at any one instant of time or during any period of time are called	A. Supply B. Demand C. Stock D. None of these
346	The total quantity of a commodity available in or near the market which can be brought for sale at a short notice	A. Stock B. Supply C. Demand D. None of these
347	The part of wealth, other than natural resources, which can be used for further production of wealth are called	A. Capital B. Revenue C. Fundamentals of economics D. None of these
348	Consists of all kinds of wealth, other than free gifts of nature, which yield income are called	A. Capital B. Productivity of capital C. Both a and b D. None of these
349	How many various forms of capital	A. 7 B. 8 C. 9 D. 10
350	How many functions of capital	A. 6 B. 5 C. 4 D. 7
351	How many types of organization	A. 5 B. 6 C. 7 D. 8
352	How many merits of organization in text book	A. 7 B. 8 C. 9 D. 10
353	How many various form of partnership	A. 3 B. 4 C. 5 D. 6
354	The submit the plan to the Registrar of Joint Stock Companies along with _____ documents	A. Two B. Three C. Four D. Five
355	Joint stock company is manged and run by a	A. Board of Directors B. Shareholders C. Accountant D. None of these
356	A mechanism, or arrangement, which brings together buyers together buyers and sellers of particular goods or services are called	A. Market B. Revenue curve C. Contact D. None of these
357	A group of buyers and sellers that exchange a goods or services at a price are called	A. Market B. Commodity C. Place D. None of these
358	How many types of markets according to time	A. 3 B. 4 C. 5

		C. 5
		D. 6

359	How many types of markets according to location	A. 4 B. 5 C. 6 D. 7
360	Perfect competition is a situation of market, where there are very large number of firms selling the same commodity are called	A. Revenue curve under perfect competition B. Monopoly curve C. Total revenue curve D. None of these
361	An economic unit, which is independent to take decisions regarding the production and sale of goods are called	A. Firm B. Organization C. Both a and b D. None of these
362	Profit = ?	A. TR - TC B. TR - MC C. TC - MC D. TR + TC
363	We establish _____ conditions for equilibrium	A. 2 B. 3 C. 4 D. 5
364	Choose the correct establish condition for equilibrium	A. MR = MC B. MC intersects MR curve from below C. MC + MR D. Both a and b
365	A market competition from in which there are very large number of firms producing a homogeneous commodity are called	A. Perfect competition B. Equilibrium of firm C. Under perfect competition D. None of these
366	The position of the firm when it is earning maximum of profit and Profit = Total Revenue - Total cost are called	A. Perfect competition B. Under perfect competition C. Equilibrium of firm D. None of these
367	How many condition of equilibrium of firm	A. 2 B. 3 C. 4 D. 5
368	Choose the correct condition of equilibrium of firm	A. MC = MR B. MC curve cuts MR curve from below C. Both a and b D. MC + MR - AR
369	Marginal revenue recommended by symbol	A. MR B. MC C. AR D. None of these
370	Market system means	A. Socialism B. Capitalism C. a place where goods are traded D. all of the above
371	One or more persons living together and having a common budget is called	A. union B. organisation C. household D. house members
372	Wealth of Nations was written in	A. 1976 B. 1876 C. 1776 D. 1676
373	Economic principle are also called	A. economic law B. economic theory C. economic model D. all of the above
374	Wealth of Nations was written by	A. Adam Smith B. Malthus C. Marshall D. Newton
375	Select the correct statement	A. Economics affects politics B. Economics affects history C. Geography affects economics

376	Prof. Marshall thinks	A. Economics studies national welfare B. Economics studies personal welfare C. Economics studies total welfare D. Economics studies material welfare
377	Everyone should study economics is a	A. positive statement B. normative statement C. true statement D. nonsense
378	Scarcity of goods means	A. non availability of goods B. high price of goods C. People don't want to get such goods D. the good is available but it is not free
379	The basic economic problem to all societies is	A. elimination of scarcity B. what how and for whom to produce C. equal distribution of wealth D. to develop agriculture
380	Scarcity means	A. non availability of goods B. high price of goods C. less supply than demand D. high profit of the firms
381	Validity of economics theories can never be proved with 100 percent certainty, because	A. ceteris paribus clause B. limited number of observation is possible C. very large number of economic theories proved false in the past D. b and c
382	Which one is the assumption of law of demand?	A. price of the commodity should not change B. quantity demand should not change C. income of the consumer should not change D. none of the above
383	Which one can cause a change in demand	A. change in income B. change in supply C. change in tastes D. a and c of above
384	A seller can increase his sales revenue by charging a lower price, if the demand has	A. e < 1 B. e = 1 C. e > 1 D. e = 0
385	A horizontal demand curve has a price elasticity of	A. zero B. infinity C. 1 D. variable
386	Cross elasticity of Suzuki and Honda cars will be	A. Positive B. negative C. zero D. infinite
387	If price elasticity of demand is very low, the commodity is	A. necessity B. luxury C. substitute D. not available
388	Which one is not determinant of demand	A. tastes B. income C. method of production D. price
389	To say that two goods are unrelated, their cross price elasticity of demand should be	A. less than 0 B. greater than 0 C. equal to 0 D. 1
390	If demand has unit price elasticity, a change in price causes	A. increase in total revenue B. decrease in total revenue C. no change in total revenue D. indeterminate
391	Market demand curve is a summation of all individual demand curves as	A. Vertical B. horizontal C. mathematical

D. local

392	Economics is a science which studies.	A. Distribution of income B. Optimum use of scarce resources. C. Production of wealth only D. Exchange of wealth only
393	Economics laws are:	A. Statements of tendencies in economic behaviour B. Unrealistic to deal with real economic problems. C. Absolute and certain like the laws of physical science D. Used to forecast the growth rate of an economy.
394	Who was the exponent of welfare economics.	A. Alfred Marshall. B. Adam smith. C. Lionel Robbins D. J.M. Keynes.
395	Which one is not doing an economic activity.	A. One who is offering prayers. B. One who works for wage. C. One who rents out his property . D. One who is an employee of Government
396	One of the following is not studied in Micro economics.	A. Equilibrium to the firm B. Distribution of rewards to factors of productions C. Banking system D. Market equilibrium
397	One of the following is not a part of macro economics.	A. Public finance B. International trade. C. Consumer behaviour. D. National income.
398	Prof. Robins wrote a book in 1931 entitled.	A. General Theory of employment. Interest and money. B. An inquiry into the nature and causes of wealth of nations. C. Principle of economics. D. Nature and Significance of economic science.
399	Which of the following is the subject matter of Economics.	A. Optimum use of limited resources for the satisfaction of unlimited human wants. B. Economic problems of the developing countries. C. Labour problems. D. Balance of payment problems.
400	Economic problems arises because of.	A. Unlimited wants. B. Scarcity of resources. C. Alternative use of resources. D. All of the above
401	Scope of economics is defined as:	A. Individual and aggregate economic behaviour of the people. B. Subject matter of economics. C. Welfare Economics. D. All of the abpove
402	According to Alfred Marshall, Economics should be taken as:	A. Positive economics B. Normative economics C. Welfare economics D. Applied economics
403	Who criticized economics as "dismal Science".	A. Alfred Marshall B. Lionel Robbins C. Carlyle and Ruskin D. J.M. Keynes.
404	Loinel Robbins wrote a book entitled "Nature and Significance of economic science" in.	A. 1776 B. 1998 C. 1931 D. 1936
405	Wants are unlimited for:	A. Poor person B. Rich person C. All persons D. None of them
406	Who was the founder of classical school of thought?	A. Adam Smith B. Marshall C. Keynes D. Maithus

407	Which type of problems are brought under discussion in micro economics .	A. Consumer's behaviour B. International trade C. Balance of payment D. Public finance
408	Who was the exponent of macro economics in recent times.	A. Adam Smith B. J.M. Keynes C. Marshall D. Maithus
409	Which one is the non-economic activity.	A. Service of a doctor B. Morning walk C. Service of teacher D. Service of an advocate
410	Which laws are always subjected to certain conditions.	A. Social B. Political C. Moral D. Economic
411	All materials goods which can satisfy humans wants are called.	A. Non economic goods B. Economic goods C. Capital goods D. Services
412	All non materials products which can satisfy human wants are called.	A. Economic goods B. Services C. Non-economics goods D. Services
413	All the products which are priced in the market are.	A. Non economic products B. Economic products C. Private products D. Public products
414	Adam Smith wrote a book entitled "An enquiry into the nature and causes of wealth of nation" in.	A. 1784 B. 1792 C. 1776 D. 1796
415	Who said that "Economics is a science of human welfare"	A. Adam Smith B. Carlyle and Ruskin C. Alfred Marshall D. Malthus
416	Robbins definition of economics spell out the existence of	A. Economics problem B. Social problem C. Political problem D. Moral problem
417	Economic laws can be define as .	A. A statement of social behaviour B. Laws implement by an executive C. Laws of the state D. Statement of general economic tendencies
418	The products which are not priced in the market are called .	A. Economic goods B. Non-economic goods C. Merit goods D. Social goods
419	Which laws are implemented with an executive authority .	A. Economic laws B. Moral laws C. State laws D. Physical laws
420	In which year Alfred Marshall wrote a book entitled "Principle of economics"	A. 1850 B. 190 C. 1870 D. 1890
421	One of the following is not a characteristics of economic laws.	A. Economic laws lack exactitude B. Economic laws lack predictability C. They are not universa! D. They are not optional
422	.Which one is not an economic want.	A. Want for food B. Want to be a doctor C. Want to fall in love D. Non of the above
423	Food, Shelter and clothing are:	A. Necessities B. Comfort C. Luxuries. D. None of three
424	The goods used to produce income or wealth are	A. Consumer goods B. Manufactured goods

#	Question	Options
424	The goods used to produce income of wealth are.,	C. Merit goods D. Capital goods
425	Only those goods are priced in the market which have:	A. Utility B. Sacrcity C. Transferability D. All of the above
426	Shopkeepers are also producers because in goods, they produce.	A. Form utility B. Time utility C. Use utility D. Place utility
427	The utility of durable consumer goods.	A. Diminishes with the passage of time B. Perishes, if not used C. Can be obtained constantly D. None of the three
428	The value of a product depends upon.	A. The number of dollars B. The numbers of dollars which can be given in exchange for it C. The current exchange rate. D. None of them
429	The price of an non-economic good is:	A. Very low B. Very high C. Zero D. Negative
430	Economic wants.	A. Can unlimited B. Capital goods C. Social goods D. Public goods
431	Goods which can satisfy human wants are.	A. Consumer goods B. Capital goods C. Social goods D. Public goods
432	The good which are used to produce more goods are.``	A. Social goods B. Capital goods C. Consumer goods D. Public goods
433	Power of a product which can satisfy human want is.	A. Utility B. Total utility C. Average utility D. Marginal utility
434	Utility of a product depends upon	A. Knowledge B. Ownership C. Form D. All of them
435	The number of goods and services which one unit of a product can command in exchange for it is its.	A. Value of money B. Value in exchange C. Price D. Utility
436	A product which has value price in the market has.	A. Utility B. Scarcity C. Transferability D. All the three
437	One of the following will not be the income of a person.	A. Wages B. Profit C. Sccholarship D. Salary
438	General price level and real income of the people are correlated with each other	A. Negatively B. Positovely C. Normally D. Sub normally
439	According to law of diminishing marginal utilities , a consumer maximises his total utility where.	A. $MU_a = MP_a$ B. $MU_a = AU_a$ C. $MU_a = TC_a$ D. $MU_a = P_a$
440	Total utility is maximised when.	A. Marginal utility is zero B. Marginal utility falls C. Marginal utility rises D. Non of the above

441	According to law of equi-marginal utility a consumer will maximises his total utility when	A. He spends all his income on the product only B. He spends more on one and less on the other C. Marginal utility of the two goods are equalised D. Not only the marginals utility of the two goods are equalised, but also the marginal utility of each good is equal to its price.
442	Law of equimarginal utility is also called.	A. Law of substitution B. Law of maximum social benefits C. Law of economy D. Law of maximum satisfaction
443	The first law of consumption was presented by.	A. Robert Malthus B. Loinel Robbins C. Alfred Marshall D. Pareto
444	The maintain social status in life, a person requires.	A. Bare necessities of life B. Comforts of life C. Luxuries of life D. All of them
445	Marginal utility of a product is the utility obtained by consuming.	A. First unit of consummption B. Each additional unit of consumption C. Last unit of consumption D. None of the them
446	Law of diminishing marginal utility provides basis for:	A. Law of demand B. Law of supply C. Laws of returns D. Law of variable proportions
447	Initial utility of a product is :	A. Highest B. Lowest C. Conatant D. None of them
448	Law of equi marginal utility provides basis for.	A. Equal distribution of wealth B. Economy in taxation C. Law of diminishing returns D. Law of constant returns
449	The utility of an additional unit of a product is	A. Law of demand B. Law of substitution C. Law of supply D. Law of diminishing marginal utility
450	One of the following is not an exception to the law of diminishing marginal utility .	A. Money B. Knowledge C. Music D. Non of them
451	A contour line which slopes downward from left to right and yield equal level of satisfaction to consumer with the given income is.	A. Negatively slop curve B. An indifference curve C. Positively sloped Curve D. None of the above
452	Who introduced indifference curves to explain consumer's beghavior	A. J.R Hicks B. Marshall C. Robbins D. Adam Smith
453	When marginal utility of a product is zero its total utility will be.	A. Increase B. Decreasing C. Maximum D. Constant
454	A bridge will be a	A. Private good B. Capital goods C. Consumer good D. Personal good
455	The talent of a professor is .	A. National wealth B. International wealth C. Personal wealth D. Non of them
456	One of the following will not be an assumption of the law of diminishing marginal utility.	A. Nature of the product should not changed B. Mental condition of the consumer C. Income of the consumer should not changed D. None of the three

457	The demand of a will expand when:	A. Other things do not remain constant. B. Price of the products changes. C. Value of money falls. D. None of the three
458	The demand of a good falls when.	A. Its price falls B. Price of the substitute changes C. its price rises D. It price remain constant
459	The law demand will not be valid in case of.	A. Very high price products B. Normal goods C. Price effect D. Income effects
460	Wit rapid economic growth in a country the individual demand curve will:	A. Rise B. Fall C. Extend D. Contract
461	The demand curve slopes downward from left to right because of:	A. Income effect B. Substitution effect C. Entry of new buyers D. All of the above
462	When the demand of a product rises due to factors except price it will be.	A. Extension of demands B. Rise of demand C. Contraction of demand D. Extension of demand
463	When the price of a product falls and as a concequence the demand for the product increase. it will be.	A. Rise of demands B. Fall of demand C. Extension of demand D. Contraction on demand
464	The law of demand will not be apply in case of	A. Inferior goods B. Superior goods C. Normal goods D. Non of them
465	The demand curve is negatively sloped due to	A. Income effect B. Substitution effect C. Price effect D. All the three
466	One of the following is not an exception the law of demand.	A. Very high price products B. Very low price products C. Ignorance of consumers D. Non of the above
467	One of the following will not cause a rise and fall on demand.	A. Change in income B. Change in weather C. Discovery of a substitute D. Distribution of income remaining the same
468	If the price of a product increase from Rs. 12 per unit and as a consequence quantity demand of the product falls from 100 units to 50 units . The price elasticity of the product will be.	A. 2.5 B. 0.5 C. 1.5 D. 3.5
469	With a fall in the price of a Giffen good or inferior good its quantity demand will.	A. Fall B. Rise C. Remain unchanged D. None of three
470	Products A and B are substitutes whereas A and C are complement. With a rise in the price of product A, quantity demand of:	A. Product B will go up B. Product will fall C. Both the above will take place D. Nothing will take place
471	Elasticity of a demand for product will be greater then unity if, with a fall in its price, total expenditure of consumer.	A. Increase B. Falls C. Remains the same D. None of the three
472	The price of a product double due to which its quantity demand falls to one half. The elasticity of demand for product will be:	A. Equal to unity B. Lass than unity C. Greater than unity D. Equal to zero
473	Who present the Arc Elasticity formula for the measurement of elasticity of demand.	A. R.G.D Allen B. Pareto C. J.R. Hicks D. Robbins
		A. Fall

474	If the price of a product rises, quantity demand if its substitute will.	B. Rise C. Remain unchanged D. Fluctuate
475	The elasticity of demand for a product is less than unity. Therefore, with a fall in its price, total expenditure of consumer will.	A. Fall B. Rise C. Remain the same D. Fluctuate
476	In case of perfectly elastic demand curve, the demand curve will be parallel to the.	A. Horizontal Axis B. Vertical Axis C. None of the above
477	In case of perfectly elastic demand curve, the demand curve will be parallel to the :	A. Horizontal axis B. Vertical Axis C. None of the above
478	The composite demand for a product is generally:	A. Elastic B. Inelastic C. Equal to unity D. Equal to zero
479	The demand for a product is inelastic. In order to increase government revenue, the finance minister will :	A. Lower down the tax rate B. Increase the tax rate C. Not change the tax rate D. Double the tax rate
480	The elasticity f demand in case of substitute is called.	A. Income elasticity of demand B. Priceelasticity of demand C. Crosselasticity of demand D. None of the three
481	The method to measure the elasticity of demand by the unitary method was introduced by.	A. Alfred Marshall B. Robbins C. Adam Smith D. Malthus
482	The method to measure the elasticity of demand is :	A. Percentage method B. Total outlay approach C. Geometric approch D. All the three
483	When the percentage change in quantity demanded is greater than the percentage change in price, elasticity of demand for the product will be.	A. Equal to unity B. Less than unity C. Greater than unity D. Equal to zero
484	With a fall in price quantity demand changes in such a way that total expenditure of the consumer remain constant, elasticity of demand will be.	A. Equal to unity B. Greater than unity C. Less than unity D. Equal to zero
485	If a change in demand is brought by a change in income, of demand will be.	A. Income elasticity B. Price elasticity C. Cross elasticity D. Arcelasticity
486	Elasticity of demand in case of minor change in price and quantity demand will be .	A. Income elasticity of demand B. Cross elasticity of demand C. Point elasticity of demand D. Arc elasticity of demand
487	Which one of the following pairs represent complementary demand for a product.	A. Tea & coffe B. Butter & Margarine C. Shirt & shoes D. Shirt & trouser
488	The product which have close substitute their demand is always.	A. More elastic B. Perfectly elastic C. Perfectly inelastic D. Less elastic
489	When the supply curve of a product is parallel to the vertical axis, it would mean that;	A. Different quantities of a product are supplied at the same price. B. Different quantities of a product are supplied at different price. C. Same quantities of a product are supplied at different price. D. None of three
490	Which one will be termed as supply of a product.	A. One tone potato in cold storage B. One ton rice offered for sale in market C. One ton rice brought for sale in market at a certain price. D. None of the three
		A. Change in price B. Change in population

491	Extension of supply will take place as a consequence of:	B. Change in population C. Change in technology D. Change in money supply
492	A fall fall in supply will take place due to a:	A. Business collusion B. Bumper crop C. Fall in custom duty D. Fall in income
493	In case of a fall in supply.	A. Quantity supplied falls at the same price. B. Quantity supplied rises at the same price. C. Quantity supplied remain at the lower price. D. None of the three
494	Perfectly inelastic supply curve is:	A. Parallel to vertical axis B. Parallel to horizontal axis C. Rises upward to the right D. Falls downward to the right
495	A producers has one thousand tons of rice to be offered for sale at a certain price in future, it will be called.	A. Supply of output B. Production C. Buffer stock D. Stock
496	One of the following is not an assumption of law of supply.	A. Political system should not changed B. Cost of production should not changed C. Production technique should not changed D. Cost of raw material should not changed
497	A change in price brings in quantity supplied. it will be.	A. Rise in supply B. Contraction of supply C. Fall in supply D. Extension of supply
498	With an increase in cost of production, price of the product rises while supply of the product will.	A. Fall B. Rise C. Remain unchanged D. Non of the three
499	When there is big change in quantity supplied resulting from a minor change inits price,its elasticity of supply will be.	A. Equal to unity B. Less than unity C. Equal to zero D. Greater than unity
500	When the price of a product increase by 100 percent and as a consequence, its quantity supplied increase by 125 percent, Its elasticity of supply will be.	A. Less than unity B. Greater than unity C. Equal to unity D. Equal to zero
501	Equilibrium price of a product is determined by:	A. The gomverment B. An industrialist C. Market competition D. An agriculturist
502	Given the demand curve, a rise in supply will.	A. Increase quantity supplied B. Price will fall C. Price will rise D. Both (a) and (b)
503	With a fixed in the market period, if the demand of a product rises, then:	A. Price will fall B. Price will rise C. Price will remain the same D. None of the three
504	Given the supply curve, a fall in demand will.	A. Increase equilibrium quantity of the product B. Decrease equilibrium quantity of the product C. Not affect equilibrium quantity D. Not affect equilibrium price
505	When both demand and supply fall in equal proportions, price of the product will .	A. Fall B. Rise C. Remain the same D. None of the above
506	Long-run price of a durable good is always less than its short run price . it is because.	A. Long -run supply is more elastic than short-run supply curve. B. Long -run supply is less elastic than short-run supply curve. C. Long and short-run supply curves are equally elastic D. None of the three

507	The supply of perishable goods is.	A. Elastic B. Inelastic C. Perfectly elastic D. None of the above
508	If the government supplies a product at a price less than the equilibrium price, it will create:	A. Shortage B. Surlius C. Non of the two D. Equilibrium quantity
509	If supply rises more than demand, price of the product will.	A. Fall B. Rise C. Not change D. Change
510	Price determined in case of a perishable good will be.	A. Normal price B. Market price C. Short run price D. Long run price
511	When demand rises more than supply price of the product will.	A. Rise B. Fall C. Remains unchanged D. None of the three
512	When supply rises more than demand price of the product will.	A. Rise B. Fall C. Remain unchanged D. Non of the three
513	$x = f(y)$.	A. x is a dependent variable. B. y is a dependent variables C. x and y are dependents variables. D. None of the three
514	Assumptions of a law are called:	A. Constant B. Parameters C. Variables D. Dependent variable
515	$y = 20-5x$ this function is.	A. Increasing function B. Decreasing function C. Constant function D. Exponential function
516	$x^2 - y^2 = 10$ This function can be termed as .	A. Expicit function B. Implicit function C. Linear function D. Constant function
517	$x = 5 y^{-1}$ this is a.	A. Constant function B. Explicit function C. Inverse function D. Decreasing function
518	$y = 2^x$ is a.	A. Log function B. Linear equation C. Exponential function D. Increasing function
519	$q = 4 + 2P$ it is a functional equation of.	A. Demand B. Supply C. Equilibrium of demand as supply D. None of the three
520	Which one of the following is a functional equation of demand:	A. Q - 20 + 2P = 0 B. Q - 3 - 3P = 0 C. Q + -2P = 0 D. None of the three
521	$Q_d = 12 - 2P$ $Q_S = -4 + 6P$ in this market model, P and Q are respectively.	A. 2 & 8 B. 4 & 8 C. 4 & 10 D. None of the three
522	Qd = 50 - 5P people will demand 50 when price of the product is:	A. Very high B. Very low C. Zero D. Unity
523	Production of wealth means:	A. Driving a taxi B. Teaching a daughter C. A doctor serving his wife D. All the three
		A. A combination of output

524	Production of wealth takes place by:	B. A combination of input C. Labour only D. Capital only
525	Labour intensive technique of production means.	A. More labour and less capital B. Less labour and more capital C. More labour and no land D. More land and no labour
526	Land means nature resources which are available.	A. On the soil B. Above the soil C. Below the soil D. All the above
527	All factors of production are substitutable with each other. it is held by:	A. Wicksteed B. Hicks C. Pareto
528	The supply price of land is considered to be zero because .`	A. Its supply is limited B. Its supply is infinity C. In aggregate sense its cost of production s zero D. Its demand is limited
529	Intensive cultivation means.	A. Extending land for cultivation B. Use of more input at the same land C. More input and more land to be used` D. More land and less labour to be used
530	One of the following is not land.	A. Sui gas B. Electric power C. Atlantic Ocean` D. A river
531	Social stagnation is a big obstacle to.	A. Mobility of labour B. Division OF labour C. Efficiency o labour D. All the above
532	The proportion of rural population in Pakistan is:	A. 68% B. 70% C. 72% D. 74%
533	Rice mill is a :	A. Fixed capital B. Floating capital C. Sunk capital D. None of the three
534	One of the following is fixed capital.	A. Raw material B. Defence saving certificate C. Machinery D. None f the three
535	To promote capital investment in a country, what is essentially required is.	A. Basic infrastructure B. Bank credit C. Law and ordered D. Stock broker
536	Members of business partnership in Pakistan are:	A. 2 to 20 B. 5 to 20 C. 2 to 25 D. 2 to 3
537	Members of a public limited company in Pakistan are.	A. 5 to 50 B. 10 to 100 C. 7 to any number D. only 5
538	Members of a public limited company are elected by.	A. Directors B. Government C. Financial institutions D. Share holders
539	One of the following can be registered in a stock exchange.	A. Business under partnership B. Cooperative society C. Join stock company D. Sole proprietorship
540	Habib Bank limited means that.	A. Its capital is limited B. It shareholders are limited C. The liability of each shareholders is limited D. Non of the three
541	Debenture holders resive.	A. Interest B. Wages

| 541 | Debenture holders recive. | C. Dividend |
| | | D. Profit |

542	One of the following is gift of a nature .	A. Land
		B. Labour
		C. Capital
		D. Organization

543	Land is mobile factor of production.	A. Not mobile
		B. Mobile by the transfer ownership
		C. Geographically mobile
		D. Mobile vertically

544	Factors of production are recently termed as.	A. Output
		B. Outly
		C. Input
		D. None of them

545	Efficiency of land can be promoted by.	A. Means of communication
		B. Fertility of land
		C. Climate condition
		D. Quality of other factors

546	Mobility of labour can be promoted by.	A. Health
		B. Better rewards
		C. Immigration
		D. Information media

547	A professor is promoted to be a principle . What type of mobility will it be.	A. Vertical mobility
		B. Horizontal mobility
		C. Geographical mobility
		D. None of the three

548	A labourer resigns from service to start his own business. what type of mobility will it be.	A. Vertical mobilty
		B. Occupational mobility
		C. Horizontal mobility
		D. Social mobility

549	Pakistan population is growing a rate of .	A. 2 % per annum
		B. 1. 8 % per annum
		C. 2.9 % per annum
		D. 2.2 % per annum

550	The capital which loses it from whenever it is used, is	A. Circulating capital
		B. Fixed capital
		C. Money capital
		D. Real capital

551	The capital laying in the deposits of commercial bank is called.	A. Domestic capital
		B. Real capital
		C. Foreign capital
		D. Money capital

552	One of the following will not be capital.	A. Mchinery
		B. Means of communication
		C. Water falls
		D. Means of transportation

553	The maximum number of parteners in a partnership is .	A. 20
		B. 30
		C. 15
		D. 18

554	Which one will determine scale of production .	A. Financial resources
		B. Production techniques
		C. Extant of the market
		D. All the above

555	Commercial economics are a pat of:	A. Internal economics
		B. External economics
		C. Economies of scale
		D. None of the three

556	Which one is the small scale production.	A. Bata shoe factory
		B. A barber shop
		C. kohinoor Textile Industries
		D. Sufi soap

557	Law of diminishing returns applies more in:	A. Industry
		B. Agriculture
		C. Mining
		D. Construction

558	The slopes of average and marginal products curves are always zero under:	A. Law of increasing returns
		B. Law of diminishing returns
		C. Law of constant returns
		D. Law of variable propoitions

| | | A. Rises |

559	In the second stage of the law of variable of proportions the average product:	B. Remains constant C. Falls D. None of the three
560	When average product (AP) and marginal product (MP) are rising.	A. AP > MP B. AP = MP C. AP < MP D. AP = MP = 0
561	When total product (TP) reaches its maximum, Marginal product (MP) is_	A. Zero B. Positive C. Negative D. Rising
562	When total product falls, marginal product is.	A. Zero B. Positive C. Negative D. Falling
563	The law of variable proportions was presented by.	A. David Ricords B. Alfred Marshall C. W.J.L. Ryan D. Pareto
564	Law of diminishing returns is a universal law as:	A. It does apply in all aspects of an economy. B. Basically it applies in agriculture. C. It is hard to check it. D. It applies in industry as well
565	An important factor which promotes large scale production is:	A. Extant of market B. Revolutionary changes in social life C. Culture and civilization D. All the three
566	When MP curve cuts AP curve, the AP is at its.	A. Lowest point B. Highest point C. Neither of the two D. Eighter of the two
567	The law of increasing returns is also known as:	A. Law of increasing cost B. Law of diminishing cost C. Law of constant cost D. None of the three
568	When business expands beyond its optimum level what type of economics will it be getting.	A. Diseconomies B. Internal economies C. External economies D. Maanagerial economics
569	The concept of internal and external economics was given by.	A. Adam Smith B. Robbins C. J.M.Keynes D. Alfred Marshall
570	The law of variable proportions was presented by.	A. Jevens B. Rayon C. Hicks D. Valentine
571	Which one is the third stage of production under law of variable proportions	A. Decreasing average returns B. Increasing average return C. Negative marginal return D. Increasing marginal return
572	When average product falls marginal product	A. Rises B. Also falls C. Remain equal to average product D. Does not change
573	When total product rises marginal product.	A. Remains the same B. Falls C. Also rises D. None of the three
574	Market is an area where :	A. Products are sold B. Buyers and sellers come in contact with each other C. Price flactuates D. Price remain constant
575	The market of refrigerators in general is called:	A. Domestic market B. Local market C. International market D. National market
		A. Perfect competition

576	Product differentiation is a pre-condition of:	B. Imperfect compitition C. Monopoly D. Oligopoly
577	Malaysia enjoys monopoly on rubber, but which kind of monopoluit is.	A. Natural monopoly B. Social monopoly C. Legal monopoly D. Implied monopoly
578	Common market of SAARC countries will be called:	A. International market B. National market C. Regional market D. None of the three
579	Stock exchange is market where we can buy:	A. Shares B. Foreign exchange C. Factors of production D. Consumer goods
580	Which one of the following is a day to day market.	A. The market of perishable goods B. The market of refrigerators C. The market of stationary D. None of the three
581	The supply curve of day to day market is.	A. Touching the horizontal axis B. Touching the vertical axis C. Perfactly elastic D. Perfactly inelastic
582	The extent of market depends upon	A. Means of transport and communication B. Political instability C. Economics instability D. Trade restriction
583	Normal price is a price which prevails	A. In day to day market B. In domestic market C. In the long run market D. In a foreign market
584	Different prices are charged from different customers of the same product. This is called.	A. Short run price B. Price instability C. Price discrimination D. Long run price
585	The concept of perfect competition was introduced by.	A. Adam Smith B. Alfred Marshall C. Keynes D. Malthus
586	A short period market is the market of.	A. Perishable goods B. Durable goods C. Consumer goods D. Capital goods
587	The market of cars is.	A. International market B. Regional market C. Local market D. Domestic market
588	Buyers and sellers under perfect competition are.	A. The same in number B. Large in number C. Small in number D. None of the above
589	A monopolist is always interested and obtains.	A. Normal profit B. Subnormal profit C. Continues production even at loss D. Super normal profit
590	Different kinds of imperfect competition are.	A. Monopoly B. Monopolistic competition C. Oligopoly D. All the three
591	Extent of market mainly depends upon.	A. Availability of means of transport and communication B. Nature of supply C. Government restriction D. Perishable goods
592	A monopoly market can be controlled by.	A. Fixing of the price by the government B. Administrative measures C. Introduction of substitutes D. Nationalisation
		A. Marginal cost B. Average cost

593	As output increase, one of the following costs will also increase:	B. Average cost C. Variable cost D. Fixed cost
594	Total cost curve in general is a.	A. Linear function B. Quadratic function C. Cubic function D. Long function
595	Average cost and marginal cost curves in the short-run are:	A. Quadratic function B. Linear function C. Cubic function D. Log function
596	Which on of the following represents fixed cost:	A. Price of raw material B. Wages C. Interests on loan D. Rent of land
597	All factors of productions are variable in the:	A. Marked period B. Short period C. long period D. None of the three
598	Lowest point on the average cost curve in the long-run represents;	A. Optimum factors combination B. Maximum level of output C. Maximum level of total revenue D. None of the three
599	Long run average cost curve is :	A. U shaped B. L shaped C. Dish shaped D. None of the three
600	Under monopoly:	A. AR = MR B. AR > MR C. AR < MR D. AR = MR
601	When AC curve rises, MC curve remains:	A. Above AC B. Below AC C. Equal AC D. Negative
602	Change in total cost on the production of one additional unit of output is calculated as .	A. Marginal cost B. Average cost C. Total cost D. Marginal product
603	Variable cost of production are also called.	A. Fixed cost B. Supplementary cost C. Total variable cost D. Prime cost
604	Total fixed cost curve is .	A. Parallel to the vertical axis B. Parallel to the horizontal axis C. Sloping downward to the right D. Sloping upward to the right
605	Long run cost curves can be termed as.	A. V-shaped B. U-shaped C. Oval-shaped D. Dish-shaped
606	Short run cost curves are.	A. v-shaped B. Dish-shaped C. U-shaped D. L-shaped
607	One of the following does not represent imperfect competition.	A. Day to day market B. Monopoly C. Duopoly D. Monopolistic Competition
608	One of the following is an example of monopoly.	A. Motorways B. Pakistan railways C. PIA D. None of these
609	A firm will be in equilibrium where.	A. Its total profit is high B. Its cot is minimum C. It produces at a level of output which its profit is minimum or loss in minimum D. None of the three
610	Normal profit is attained where:	A. TR = TC B. TR >TC C. AR > MR

		D. AR < MR
611	A firm attains sub-normal profit when:	A. AR = AC B. AR < AC C. AR > AC D. TR < TC
612	A firms reaches its shut down point where:	A. AC > AR B. AC = AR C. AC< AR D. AVC = AR
613	In the long-run a competitive firms attains only:	A. Normal profit B. Super Normal profit C. Sub-Normal profit D. Marginal cost
614	A firm attains equilibrium under monopoly where:	A. AR = MR B. AC = MC C. MR = MC D. AR = AC
615	A firm attains equilibrium under monopoly if:	A. MC curve intersect MR curve from below. MC = AC = MR B. MC curve intersects MR from above C. Any one of the above situations D. AR = MR
616	Compare with monopoly price, the competitive price ids always:	A. Less than monopoly price B. More than monopoly pruce C. Equal to monopoly price D. Non of the three
617	In the long-run a firm attains under monopoly;	A. Normal profit B. Super normal profit C. Sub-normal profit D. Any on of the above
618	A firm attains sub-normal profit under perfect competition when its:	A. AR = P (Price) B. AR < P C. AC = P D. AC < P
619	A competitive firm is in equilibrium in the long-run where:	A. ME = AR = LMC = P B. MR = AR = LMC = LAC C. MR < AR = LMC <LAC D. None of the three
620	When a competitive firm faces loss the slop of its MR curve is:	A. Negative B. Positive C. Zero D. Unity
621	Under monopoly the price is always equal to:	A. AR B. MR C. MC D. AVC
622	When TR of a competitive firm is equal to its TC, the firm attains.	A. Normal profit B. Super normal profit C. Sub-normal profit D. Shutdown point
623	TR increase at a constant rate under:	A. monopoly B. Monopolistic C. Perfect competition D. Oligopoly
624	Total cost = Total variable cost in the.	A. Marked period B. Short run C. Long run D. None of the three
625	When MR = MC , a firm.	A. Does not attain a equilibrium position B. Suffers from loss C. Attains its equilibrium position D. Attains profit
626	The demand for a factor depends on its.	A. MRP B. ARP C. MRP = ARP D. MRP < ARP
627	MRP curve of a factor represents the.	A. Supply curve of the factor B. Demand curve of the factor C. Either demand or supply curve of the factor

		D. None of the three
628	"The reward for a factor is determined by the marginal revenue product of the factor" . it was said by:	A. J.M. Keynes B. Taussing C. Hansen D. Carver
629	:It is not possible to separate marginal revenue product of each factor of production:. It was said by:	A. Carver B. Hobson C. Hansen D. Hicks
630	The correlation between average wage (AW) and marginal wage (MW) under perfect competition is .	A. AW = MW B. AW > MW C. AW < MW D. None of the three
631	One of the following is not assumption of the marginal productivity theory.	A. All factors of production are present substitutes of each other. B. Law of increasing return applies in the production process. C. There is perfect mobility of factor of production D. Units of each factors of production are identical
632	The shape of marginal revenue product (MRP) curve is	A. Inverted U B. Steeper C. Flatter D. Positive
633	MRP curve of a firm represent demand curve of industry under.	A. Imperfect compitition B. Monolopy C. Oligopoly D. Perfect competition
634	With an increase in wage rate supply of labour.	A. Decrease B. Increase C. Remains constant D. None of the three
635	The demand for a factor is called.	A. Composite demand B. Joint demand C. derived demand D. No demand
636	The purchasing power of money alongwith the fringe benefits for a labour will detemine his/her:	A. Nominal wage B. Gross wage C. Real wage D. Net wage
637	If the rate of inflation goes up, the real wags of labourers will :	A. Increase B. Decrease C. Remain the same D. Noe of the three
638	With an increase in the supply of labour wage rate will:	A. Fall B. Increase C. Remain constant D. None of the three
639	Trade Unions in Pakistan are unable to get an increase in wage rates because of :	A. Minimum wage law B. Low labour efficiency C. Capital intensive projects D. Lack of Natural resources
640	One of the cause of low wage rate in Pakistan is:	A. Population explosion B. Labour policy C. Lack of monility of labour D. Lack of natural resources
641	When labourers do not get jobs according to their qualification it will be :	A. Unemployment B. Under employment C. Disguised unemployment D. None of the three
642	Long-run supply curve of labour is.	A. Negatively stoped B. Positively sloped C. Parallel to the horizontal axis D. Parallel to vertical axis
643	The main object of trade unions is to:	A. Strength the bargaining position of labour B. Get jobs for the employed persons C. Get recreational facilities D. Get free meals
		A. Cannon B. Hicks

644	The theory of optimum population was presentd by:	C. Keynes D. Malthus
645	Minimum wage rate of labour is fixed by :	A. Government B. Trade unions C. Entrepreneurs D. Labourers
646	Marginal land or no rent land is the land which:	A. Covers the cost of productions only B. Determines rent of the superiorlands C. Both a & b D. None of the three
647	Since marginal land does not yield rent therefore:	A. Rent is a part of piece B. Rent is not a part of price C. Rent determines price D. None of the three
648	Quasi rent can be obtained if:	A. Supply of factor other than land, is temporarily fixed B. There is difference in the fertility of land C. The government legislate on it D. Trade unions protest for it
649	The supply of land is fixed whereas its Demand is increase day by day, the rent Produced in this way is:	A. Differential rent B. Scarcity rent C. Quasi rent D. Economic rent
650	Quasi rent is a:	A. Short-run phenomenon B. Long-run phenomenon C. Short and long run phenoomenon D. None of the three
651	The wage which is paid in cash is known as.	A. Real wage B. Nominal wage C. Excess wage D. Low wage
652	Gov. of Pakistan introduced labour policy for the first time in.	A. 1955 B. 1950 C. 1948 D. 1959
653	Who introduced the concept of Quasi rent.	A. Hicks B. Alfred Marshall C. Hobson D. Robbins
654	The concept of differential rent is given by.	A. Marshall B. David Ricardo C. Hobson D. Robbins
655	One of the following is not an assumption of the Ricardian theory of rent.	A. Lands are cultivated in sequence B. All lands are homogeneous C. All units of labour are identical D. There are original and industuctible powers of soils
656	Money wages are also called	A. Nominal Wages B. Real wages C. Gross wages D. Net wages
657	Money wages are also called	A. Nominal Wages B. Real wages C. Gross wages D. Net wages
658	Marginal revenue products (MRP) curve falls when units of labour	A. Remain constant B. Decrease C. Increase D. None of the three
659	If the supply of land is assumed to be perfectly inelastic which of the following rent will it yield.	A. Scarcity rent B. Differential rent C. Quasi rent D. Scarcity rent
660	Net rent is also called.	A. Different rent B. Quasi rent C. Scarcity rent D. Economic rent

661	The rent which is paid in the short run due to perfectly inelastic supply of a factor is known as.	A. Deffertial rent B. Economic rent C. Quasi rent D. Scarcity rent
662	The concept of quasi rent was given by.	A. Ricardo B. Adam smith C. Alfred Marshall D. Robbins